

March 15, 2023

**The Chair's Summing Up  
Independent Evaluation Office—The IMF's Emergency Response  
to the COVID-19 Pandemic  
Executive Board Meeting 23/18  
March 13, 2023**

Executive Directors broadly welcomed the report of the Independent Evaluation Office (IEO), which provides an early evaluation of the Fund's emergency response to the initial stage of the COVID-19 pandemic and seeks to draw lessons from the experience for responding to possible future global crises. They highlighted the report's key finding that the Fund's response was effective and agile to a crisis like no other, despite the extraordinary challenges and risks, as the Fund rapidly adapted its lending framework and internal processes to serve the membership, help to close large financing gaps, and give confidence to the membership and markets by making its resources available expeditiously under adequate safeguards. Besides lending, Directors noted that the Fund also undertook useful analytical work and gave extensive and timely policy advice and capacity development. They welcomed the report's finding that the Fund's corporate response was adapted quickly, including by reprioritizing work, introducing HR and budget initiatives, and swiftly embracing the virtual environment. Directors especially commended staff for their strong dedication during these challenging circumstances.

Directors took careful note of the concerns identified in the IEO report. In particular, they acknowledged that, in exceptionally challenging circumstances, some stakeholders did not feel adequately consulted in the initial weeks of the pandemic; the assessment of risks to the Fund's balance sheet was somewhat limited; governance and safeguards on the use of Fund resources could have been strengthened sooner; understanding with key partners, notably the World Bank, was at times incomplete; concerns were raised by some authorities on lack of evenhandedness; and staff experienced enormous work pressures for a lengthy period. Many Directors also raised concerns about large GDP forecasting errors at the country level in 2020 and the miss on the surge in inflation in 2021. Against this backdrop, Directors broadly agreed that this IEO Evaluation could help the Fund learn from the experience and react even more effectively in future global crises. They took note of the Managing Director's support for the thrust of the IEO recommendations and her qualifications about some specific underlying suggestions.

Most Directors expressed either broad or qualified support for Recommendation 1 on developing special policies and procedures that could be quickly activated to help address the particular needs and circumstances of global crises. Some of these Directors considered that the focus should be on developing a menu of possible crisis responses that could be

considered by the Board in a future crisis situation. Some Directors, however, questioned the need to develop special policies and procedures. More broadly, Directors shared the Managing Director's view that given the uncertain nature of future crises, and the challenges of establishing meaningful triggers for declaring a "global" crisis, the feasibility and usefulness of having pre-determined procedures need to be carefully considered and overly prescriptive or rigid processes should be avoided. In this context, Directors stressed that a participatory consultation with the full Board at an early stage of a global crisis should be an important part of any framework for responding to future crises. They concurred that any temporary modifications to the lending framework when faced with a global crisis should take into account, in particular, the implications for the Fund's lending capacity and resources and should not be promised until the full ramifications of the pandemic-related lending have been examined comprehensively. While a few Directors saw merit in establishing a framework for providing a short-term temporary budget increase in exceptional circumstances, a number of Directors considered that this is not warranted, noting that the carryforward mechanism already in place worked well during the pandemic. Directors generally saw merit in considering reinforcing the Crisis Management Team and adapting the HR response during a global crisis to facilitate the effective redeployment of resources to where they would be most needed. At the same time, they agreed that ensuring flexibility and adaptability to various crisis scenarios needs to consider, in tandem, potential additional staffing needs and prioritization of work in the context of the high pressures under the current work program.

Most Directors broadly supported Recommendation 2 on taking steps to reinforce the IMF's institutional preparedness to deal with global crises and other large shocks. They saw merit in continuing to explore whether and how the lending toolkit may need to be enhanced to better serve the membership in a flexible manner. In this context, Directors looked forward to the forthcoming review of access limits for emergency financing (EF), with a number of Directors noting the need for greater tailoring of EF access to country circumstances, including for small developing states, and some Directors seeing merit in increasing the use of prior actions. More broadly, Directors favored exploring modalities to better support members' transition from EF to upper credit tranche programs. They also saw merit in exploring, during the forthcoming Review of Precautionary Facilities, whether there is scope to further enhance these facilities and fill any gaps.

Directors noted that the rapid response to the pandemic required scaled up attention to governance safeguards for use of Fund resources. They agreed that this further highlights the importance of maintaining the Fund's extensive support to help members combat corruption and improve governance through its surveillance, lending, and tailored capacity building activities. In this context, they concurred that the forthcoming review of the Implementation of the 2018 Framework for Enhanced Fund Engagement on Governance will provide an opportunity to strengthen and fine-tune existing initiatives in this area. Directors stressed the importance of strengthening the efficiency and effectiveness of the Fund's collaboration with

the World Bank and other multilateral and official institutions. They welcomed that staff will explore the merits and feasibility of developing a “financing tracker” for major official creditors and donors. Directors acknowledged the potential usefulness of a “crisis playbook” based on tabletop exercises, while emphasizing that duplication of efforts should be avoided since the Fund already has an established framework for assessing risks in the global economy.

In line with established practice, Management and staff will consider today’s discussion when formulating the Management Implementation Plan (MIP) for Board-endorsed recommendations. In this context, Directors noted the importance of assessing how the implementation of these recommendations fit with existing work streams and reforms as well as their feasibility and costs against an exceptionally tight budget. They also agreed that the IEO’s enterprise risk assessment could provide a useful input when assessing enterprise risks in the broader context of the forthcoming MIP for this evaluation.